



Jemena Gas Networks (NSW) Ltd

2025-30 Access Arrangement Proposal

Attachment 2.1

Consumer Challenge Panel - feedback and response



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Highlights

- The Consumer Challenge Panel (CCP) has developed a ‘Conclusions report’ that provides the AER with advice on the effectiveness of our engagement activities with customers and how this was reflected in the development of our Draft 2025 Plan.
- We welcome the CCP’s findings that Jemena has conducted a well-managed and sincere engagement program to develop its Access Arrangement proposal for 2025-30.
- The Conclusions report has raised a number of issues associated with customers’ understanding of key topics, the opportunity for reopening topics, whether the information presented to customers, and the views of industry experts, were genuinely unbiased and realistic, and the extent to which the 2025 Plan proposals accurately reflect customer preferences.
- Following receipt of the CCP’s Conclusions report we appointed Sagacity Research (Sagacity) and Jackie Duke Insights (JD Insights) to conduct an independent survey and in-depth interviews of the Customer Forum participants to test the conclusions drawn by the CCP, including whether customers understood the topics they deliberated on to make informed recommendations that have influenced our 2025 Plan.
- The research by Sagacity and JD Insights has confirmed that the vast majority of customers trusted the process, felt valued and adequately educated to make informed recommendations, which gives confidence that our proposals and initiatives align with customers’ values and expectations.
- The newDemocracy Foundation independently evaluated our Customer Forum process. It concluded that it demonstrated good practice, and that it meets the requirements of the Better Resets Handbook.
- In addition to the qualitative engagement program, we appointed Redbridge to conduct a survey of Sydney energy customers to understand their attitudes and sentiments towards the energy industry. Redbridge’s research provides us with confidence that the feedback from our customers as part of our engagement program on our 2025 Plan aligns with broader customer and community expectations.
- In developing our 2025 Plan, we have also taken on board the feedback and views from large customers, small businesses, and retailers, which has largely aligned with the feedback from our residential customers, via the Customer Forum values and recommendations.
- We have confidence that our 2025 Plan aligns with customer expectations based on the engagement outcomes captured by BD Infrastructure, the research by Sagacity and JD Insights, newDemocracy’s evaluation of our engagement program, Redbridge’s research and our engagement with the broader customer base.
- In particular, the research undertaken by Sagacity and JD Insights shows that the CCP’s concerns about what customers were thinking, or what they understood, do not accurately reflect the views and reflections of the Customer Forum participants themselves. We believe that this provides an alternative view to many of the CCP’s observations, and demonstrates a robust, genuine and transparent engagement process that meets the expectations set out in the AER’s Better Resets Handbook.
- We recommend that any assessment of JGN’s engagement program carefully consider the full suite of evidence, including as outlined in this attachment and the attachments referenced throughout.

Overview

As part of the Consumer Challenge Panel (CCP's) role in the early signal pathway process, it developed a 'Conclusions report' that provides the AER with advice on the effectiveness of our engagement activities with customers and how this is reflected in the development of our 2025 Plan. The CCP has noted that:¹

Overall, Jemena has conducted a well-managed and sincere engagement program to develop its Access Arrangement proposal for 2025-30. We commend Jemena for a willingness to explore both longer term future of gas questions, as well as consulting on the detail of the Access Arrangement for 2025-30.

Despite the overall observations, the CCP has raised a number of concerns with: customers' understanding of key topics; the opportunity for reopening topics; whether the information presented to customers, and whether the views of industry experts, were genuinely unbiased and realistic; and, the extent to which the initiatives and proposals in our 2025 Plan accurately reflect customer preferences. A number of these concerns appear to have been raised specifically with respect to the last Customer Forum (forum eight) held in March 2024, which was a 'closing the loop' session with our customers following the publication of the Draft 2025 Plan.

We disagree with a number of the concerns raised by the CCP in its report, which may cause the AER to question the strength of our customer engagement process and the reliability of the feedback that we have received from our customers. The purpose of this attachment is to provide our response to CCP's observations, which is informed by:

- the engagement outcomes captured by our engagement partners (BD Infrastructure);
- independent research undertaken by Sagacity and JD Insights to obtain the views of Customer Forum participants on the engagement process, including to test the observations reported by the CCP in its Conclusions report;
- newDemocracy Foundation's (newDemocracy) independent evaluation of our engagement program;
- quantitative research undertaken by Redbridge; and
- other relevant aspects of our 2025 Plan and its associated attachments.

We believe that these documents clearly demonstrate that our engagement program was robust, genuine and transparent, and that it meets the expectations set out in the AER's Better Resets Handbook. In particular, the research undertaken by Sagacity and JD Insights shows that the CCP's concerns about what customers were thinking, or what they understood, do not accurately reflect the views and reflections of the Customer Forum participants themselves.

Nevertheless, we acknowledge that there are opportunities for us to improve future engagement processes—indeed, we actively seek to assess every engagement that we undertake to identify learnings and improvement opportunities. We also acknowledge that there was diversity in customers' views on the topics and initiatives we engaged on, with some customers not supportive of certain elements of our 2025 Plan. This is to be expected from any genuine engagement process on issues as challenging as the ones that we have explored with our customers. We have sought to be open and transparent about the areas where customer views diverged, and the areas where a small minority of customers were not satisfied with elements of our engagement. However, this feedback should be taken in context of all the feedback we have received, which has been overwhelmingly positive, and is also supported by the independent evaluation by newDemocracy. Further, we have sought to make proposals and initiatives in our 2025 AA proposal that balance conflicting views and best meet the National Gas Objective and the requirements of the National Gas Rules.

¹ CCP, *Jemena Gas Network, CCP Conclusions Report (Early Signal Pathway)*, 16 April 2024

Independent evaluation – newDemocracy

As discussed in Chapter 2 of our 2025 Plan, newDemocracy was appointed by BD Infrastructure with the support of JGN to independently evaluate the Customer Forum process, which included an action-learning approach to our engagement program where regular feedback was provided to help improve the Customer Forum process.

newDemocracy is an independent research and development organisation specialising in community deliberative engagement. Internationally, newDemocracy offers advice to a range of governments and parliaments, and is a member of the OECD Innovative Citizen Participation Network (where it has contributed to the development of the OECD Evaluation Guidelines for Representative Deliberative Processes). newDemocracy has extensive experience reviewing stakeholder and customer engagement programs and activities for regulated businesses and has worked with and supported many organisations around Australia with similar advice on the design and delivery of deliberative engagement projects.

In undertaking its assessment of our engagement program, newDemocracy attended a number of forums both online and in person, including five of the Customer Forums (including forum 8 of the Customer Forum). When evaluating the Customer Forum process, newDemocracy based its evaluation against the expectations in the AER's Better Resets Handbook (similar to the CCP's evaluation) which are principle-based and focus on the following areas:

- nature of engagement
- breadth and depth of engagement
- clearly evidenced impact of engagement.

newDemocracy considered that the Customer Forum was well run and allowed participants the opportunity to influence our 2025 Plan. The newDemocracy evaluation acknowledged our commitment to customers that their work would influence the 2025 Plan to the maximum extent possible and that this commitment was fulfilled.

newDemocracy's evaluation noted the following highlights from the Customer Forum process:

- the early commencement of engagement
- the use of deliberative engagement within the framework of the regulatory environment—giving customers a much more substantive role than other methods
- commitment to using engagement outcomes to develop the 2025 Plan
- fulfilling the commitment made to customers
- the use of key voices in complementing the customer forum
- the use of random selection to recruit a representative mix of the community
- initiating independent and appropriate evaluation of the process.

newDemocracy recommended some points of improvement for future deliberations including the utilisation of 'shallower forms' of engagement that could include the use of surveys to garner inputs from a broader number of customers and consider how the sequence of engagement is planned. For example, the deliberative process could have the Customer Forum providing feedback on their interests in collaboration with a body like the Advisory Board.

Overall, newDemocracy's evaluation concluded that the Customer Forum process was strong and demonstrated good practice, meeting the requirements of the Better Resets Handbook as depicted by the 'green' rating in its report.

newDemocracy's evaluation gives confidence that when preparing the 2025 Plan we have meaningfully engaged with customers and we understand their concerns and expectations to ensure our proposals and initiatives are prudent and align with the outcomes valued by our customers which we discuss throughout the 2025 Plan and its associated attachments.

See *JGN - NewDemocracy - Att 2.8 Independent evaluation report* for a copy of newDemocracy's evaluation report.

Further independent evaluation - Sagacity and JD Insights research

In light of the observations presented in CCP's conclusions report, which question the understanding of the Customer Forum participants of some of the key topics, we appointed Sagacity Research and JD Insights to conduct surveys and in-depth interviews of the Customer Forum participants. This independent research was conducted over May and June 2024.

The purpose of this independent research was to connect with Customer Forum participants to test the accuracy of the CCP's observations, including whether customers trusted the engagement process, had sufficient time to consider the topics, and whether they understood the topics they deliberated on to make informed recommendations that have influenced the 2025 Plan.

Sagacity and JD Insights undertook two streams of independent research with Customer Forum participants. These streams involved:

- An online survey: All Customer Forum participants that participated in forum 8 were provided the opportunity to take part in an initial online survey to obtain their feedback on key elements of our engagement program.
- In-depth interviews with JD Insights: Based on the online survey responses, JD Insights then independently selected 10 participants to take part in a longer (45 minutes) in-depth interview to discuss their responses in greater depth. In selecting participants for interview JD Insights specifically invited participants with lower survey response scores to participate in the interviews.

All 32 Customer Forum participants who attended forum 8 in March 2024 were invited to take part in the online survey, with 10 completing both the survey and an in-depth interview.² Of the 32 participants, 23 agreed to participate in the research which represented over 70% of the Customer Forum participants in attendance at forum 8. This provides a statistically significant sample of the Customer Forum participants, and provides us with confidence that the findings are representative of the Customer Forum views as a whole.

Participants were asked to reflect on the engagement process overall, and how satisfied they were with the experience. Sixteen of the 23 participants taking the survey rated their overall satisfaction as 9 or 10 out of 10, 5 rated satisfaction at 8, and 2 rated it at 7 out of 10. Correlating with this high level of satisfaction, all participants surveyed felt that the Customer Forum reached an overall consensus.

"I thought the whole process was really good... It wasn't lip service. They listened to all the opinions. They were proactive in their approach. Nothing was not considered."

"They were very clear throughout the process. 'We need your information. It wasn't just getting big businesses opinion. It was looking at what the average person wanted, what young people and people from diverse backgrounds needed. It was well done without feeling tokenistic."

"It was Jemena giving us an opportunity for us to give opinions and feedback without interference or influence from them and they gave us an opportunity to revise and add comments to the draft report."³

The research by Sagacity and JD Insights has confirmed that customers trusted the process, felt valued, and were adequately educated to make informed recommendations which gives confidence that our proposals and initiatives align with customers' values and expectations.

A key concern of the CCP's conclusions report was that customers '*continued to struggle with the concept of accelerated depreciation*'. As part of exploring participants understanding of the key topics, the research explored customers understanding of the role of accelerated depreciation. Of the 22⁴ participants surveyed, 17 felt they had 'good' to 'excellent' knowledge of the topic with four participants feeling they had 'average' knowledge.

² As part of Customer Forum 8, some members from the Youth and CALD voice groups were invited to attend the session. These participants were not included in the Sagacity and JD Insights research as they did not participate in all of the Customer Forums.

³ Sagacity Research and JD Insights, Jemena customer forums participant feedback, Research report, June 2024, page 16.

⁴ Of the 23 participants that undertook the online survey, one respondent provided only a partial response.

Importantly, 22 out of 22 people surveyed stated that they felt knowledgeable enough to provide informed feedback. This is contrary to the CCP's views that participants struggled with the topic of accelerated depreciation.

See *JGN – Att 3.3 – Sagacity and JD report* for a copy Sagacity and JD Insights research report.

Our response

The following sections outline our response to matters raised by the CCP focussing on the following areas:

- Section 1: CCP feedback against Better Resets Handbook
- Section 2: CCP broader assessment of our engagement
- Section 3: Issues and concerns raised by the CCP.

1. CCP feedback against Better Resets Handbook

Measure	Attributes	Strengths	Issues/ Concerns	March 2023 (Progress Report 1)	October 2023 (Progress Report 2)	April 2024 (Conclusions Report)	Our Response
These columns are direct extracts from the CCP's Conclusions report							
Sincerity of engagement	<ul style="list-style-type: none"> Genuine commitment from network businesses Boards and Executives Openness to new ideas and a willingness to change 	<ul style="list-style-type: none"> Jemena has continued to engage regularly with its Customer Forum both online and face-to-face Jemena subject matter specialists have attended AB meetings CEO and senior staff have continued to be regular participants in Advisory Board meetings and listened to the debates and generally respond appropriately The former and current CEO have attended several Customer Forum meetings and various senior have been present at all meetings, including the final Customer Forum meeting Jemena has generally responded to customer requests and concerns, including at the Customer Forum and Tariff Forum's request arranging independent speakers to present alternative perspectives on the future of gas and the role of tariffs (e.g. Tariffs Brains' Trust) 	<ul style="list-style-type: none"> The focus of the final Customer Forum on 2 March 2024 was on gaining customer support for its draft proposal, with limited opportunity for customers to reopen any issues of concern For example Jemena when presented customers with a zero dollars accelerated deprecation option, it was apparent that the group continued to struggle with the concept, yet Jemena was intent on asking "Are you still comfortable about \$300m?" We are also aware that some Jemena people towards the end of the session appeared surprised that some members of the Customer Forum continued to struggle to understand accelerated depreciation, even after three sessions (whereas we note that unlike Jemena this concept is not a day to day-to-day subject of discussion) 	Green (Advisory Board only)	Green (subject to what appears in Jemena's Access Arrangement proposal)	Green/ Amber (Openness to new ideas: noting Jemena's lack of appetite to re-open accelerated depreciation, for example)	<p>We do not agree with the CCP's observation that we provided limited opportunity for customers to reopen any issues of concern during Customer Forum 8. This observation is not supported by Customer Forum participants' own reflections about the process on the day. As noted by one participant: <i>It was Jemena giving us an opportunity for us to give opinions and feedback without interference or influence from them and they gave us an opportunity to revise and add comments to the draft report.</i>⁵</p> <p>Of the 22 participants that completed the online survey, 21 rated the statement "Jemena listened to the feedback from participants" as 7 and above out of 10, with an average score of 8.5.⁶</p> <p>With respect to the CCP's observation that "the group continued to struggle with the concept" of accelerated depreciation, customer feedback also indicates that the CCP's observations do not reflect the views of the customers' themselves.</p> <p>The independent review by Sagacity and JD Insights explored participants understanding of concepts and topics, including whether participants felt adequately educated to make informed recommendations on the topics. The research shows that all survey participants felt they had enough knowledge to provide informed feedback on the initiatives they considered.⁷</p> <p>Where an issue of concern was raised, or when we were exploring complicated issues, we made a point of exploring them in depth, over a number of sessions. For example, the topic of accelerated depreciation involved five phases in the deliberation process; 1. Learning; 2. Deliberating; 3. Understanding initial preferences; 4. Final preferences; 5. Recall.⁸</p> <p>As noted by one survey participant: <i>"We'd talk about the issues, we go away, we'd have another meeting, we'd revisit and hone our ideas, and hone our opinions. It wasn't just an info dump, go deal with it. It was, we had time to process over all of the sessions, which I think was crucial."</i>⁹</p> <p>As part of exploring participants understanding of the key topics, Sagacity and JD Insights explored customers understanding of the role of accelerated depreciation. 17 of the 22 participants surveyed felt they had good to excellent knowledge of the topic with 4 participants feeling they had average knowledge. Importantly, 22 out of 22 people surveyed stated that they felt knowledgeable enough to provide informed feedback. This is directly contrary to the CCP's views that participants struggled with the topic of accelerated depreciation.</p> <p>These sentiments were similar when asked about their understanding on the role of renewable gas, future uncertainty, support for vulnerable customers and management of assets.</p>

⁵ Sagacity Research and JD Insights, Jemena customer forums participant feedback, Research report, June 2024, page 16.
⁶ Ibid, page 17.
⁷ JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report, page 33.
⁸ JGN - BD Infrastructure - Att 2.2 - Customer forum engagement report – Public, P.27.
⁹ JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report, page 36.

Measure	Attributes	Strengths	Issues/ Concerns	March 2023 (Progress Report 1)	October 2023 (Progress Report 2)	April 2024 (Conclusions Report)	Our Response
	<ul style="list-style-type: none"> Ongoing engagement with consumers about outcomes that matter to them - consumers to 'set the agenda' Ensuring consumer confidence in the engagement process 	<ul style="list-style-type: none"> The Customer Forum has been meeting regularly, is well attended (39 customers attended the 2 March session), participants are enthusiastic, continued to increase in confidence to question and challenge Jemena In earlier sessions BD Infrastructure, (Customer Forum facilitator) adapted the agenda (sometimes in real time) in response to feedback from the Customer Forum, and we commend them for this Materials provided by Jemena at the Customer Forums continue to be published on its engagement website 	<ul style="list-style-type: none"> The final Customer Forum Session was strongly focused on garnering participants' support for Jemena's proposal to the extent they could at least "live with the proposals", yet when customers wanted to engage more on unsettled topics such as accelerated depreciation (which Jemena had reopened) there was no checking to ensure customers understood the topic (e.g. by playing back what they understood) 	Amber	Amber	Green/ Amber High consumer confidence in process from Consumer Panel, scope for more 'agenda setting' by consumer groups	<p>As mentioned above, Sagacity's research explored whether participants felt that the Customer Forum process allowed sufficient time to make sure they understood the concepts and topics presented for deliberation. Of the 22 participants surveyed, 21 participants agreed that we took the time to make sure they understood the initiatives considered by them.¹⁰</p> <p>Twenty of the 22 participants surveyed felt they were provided enough time to take all the information in and most importantly, make an informed decision. In addition, 21 participants agreed that the forums were run at an appropriate pace.¹¹</p> <p>As discussed above, on the topic of accelerated depreciation, there were five phases to the deliberation process over the eight forums, and all 22 participants that completed the survey indicated that they felt knowledgeable enough to provide informed feedback.</p>
Consumers as partners	<ul style="list-style-type: none"> Network businesses should collaborate with and, where appropriate, empower consumers in developing regulatory proposals Consumer engagement should be a continuous business-as-usual process 	<ul style="list-style-type: none"> Jemena is actively seeking input from a diversity of customers Jemena worked with customers in the early stages of its engagement to identify the issues that matter to customers, i.e. affordability, gas safety, reliability, planning for the future and fairness and choice and continued to check in with customers that these valued were important to customers 	<ul style="list-style-type: none"> Ultimately the topics that Jemena engaged on, and the specific preferences presented to customers were framed by Jemena and presented to customer to vote on When asked to consider their support for the Draft Plan, customers were advised that the session was not about recasting or reopening the topics, even those topics that were unsettled Some customers were sceptical of Jemena's intentions, despite indicating they [sic] could "live with" the proposals 	Amber	Green	Amber Consumers were mainly engaged on Jemena instigated topics. So not a 'partnership' approach.	<p>A key design feature of our engagement program was that we would work with the Advisory Board to deep dive on the challenges that Jemena faces given expected declines in future gas demand as a result of the energy transition. The Advisory Board acted as a critical friend as we explored all the topics and strategies that Jemena might adopt to develop a shortlist of topics for engagement with customers. On this basis, we would say that the topics were framed by both Jemena and the Advisory Board. For example, the Advisory Board recommended that we should not engage with customers on investments relating to hydrogen gas on the basis that it was too speculative. They recommended that we only discuss the use of hydrogen in networks to educate customers. As a result of this feedback, we did not test investments to support hydrogen gas in networks with our customers. Further, given the uncertainty of hydrogen, we have not included forecast expenditure associated with hydrogen projects in our 2025 AA proposal.</p> <p>The recommendations and advice provided by the Advisory Board were made with the interest of customers in mind, and we deliberately set to be open about the challenges we face and the topics of interest to our customers.</p> <p>With respect to the CCP's comments that the last forum was not about recasting or reopening topics that were unsettled, we note that forum 8 was principally a 'closing the loop session' to explore how Jemena had taken on board the feedback from the Customer Forum over the prior seven sessions. We don't agree with the observation that topics were 'unsettled'. The research by Sagacity indicates that all of those surveyed agreed that the forums successfully achieved an overall consensus.¹² In addition, 20 of 22 customers surveyed indicated that they were provided with enough time to take in all the information, and 21 of 22 customers surveyed indicated that the forums were run at an appropriate pace.¹³</p> <p>With respect to CCP concerns that 'some' customers were sceptical of Jemena's intentions, it has not provided any information on how many customers it considers were of this view. Again, this observation is not supported by the vast majority of participants that provided feedback to Sagacity—21 of 22 customers indicated that Jemena was open to new ideas and change, and all 22 agreed that they felt comfortable to challenge us. In addition, all 22 customers agreed that their views were incorporated into Jemena's proposals. This feedback would suggest that the CCP's observations do not reflect the views of the majority of Customer Forum participants.¹⁴</p>

¹⁰ JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report, June 2024, page 39.

¹¹ Ibid, page 39.

¹² JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report, page 43.

¹³ Ibid, page 39.

¹⁴ JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report, page 40.

Measure	Attributes	Strengths	Issues/ Concerns	March 2023 (Progress Report 1)	October 2023 (Progress Report 2)	April 2024 (Conclusions Report)	Our Response
Equipping customers	<ul style="list-style-type: none"> • Networks must provide them with accurate and unbiased information necessary to meaningfully participate. 	<ul style="list-style-type: none"> • Customer Forum, Youth and CALD Steering Groups and Tariff Customer Forum • Customers were provided with detailed papers in advance of meetings, this included a copy of the Draft Plan in advance of the 2 March 2024 Customer Forum • Pre-October 2023 we noted that papers presented to customers were clearly presented and the information in them was also verbally presented, and customers had the opportunity to ask questions both in plenary and breakout sessions • We note that since the 2 March 2024 Customer Forum, Jemena has prepared and published a 16-page summary of its Draft Plan 	<ul style="list-style-type: none"> • In our earlier advice we questioned the extent the information presented to customers was genuinely unbiased and realistic, and our concerns in this regard are unchanged • While Jemena provided customers with a copy of the Draft Plan, it was 200 pages long and various customers commented, "It's too long, I did not read the full 200 pages" • During the morning session customers were asked to review their recommendations to Jemena in small groups, but they were not provided with copies of the recommendations, other than what was presented on the slide presentation (one recommendation per slide), making it difficult for participants to complete the task or consider how their recommendations might interact 	Amber	Green	Amber (Given customer challenges engaging with the draft plan)	<p>We are unclear on what information that was presented to customers that has led the CCP to express concerns that the information presented to customers was genuinely unbiased and realistic.</p> <p>newDemocracy notes that <i>"In our view, it's not possible to present unbiased information. Instead, engagement should seek to provide an accurate balance of views"</i>.¹⁵ As noted above, we made considerable effort throughout the entire engagement process to ensure that customers heard from a wide range of stakeholders that provided counter views to those of Jemena. Table 2.2 of the 2025 Plan provides a list of all the guests speakers that attended the Customer Forums. We also relied upon the four scenarios developed by the Expert Panel to highlight the uncertainty about the future, and to test how the various initiatives would perform under each scenario. This is supported by newDemocracy, which notes that <i>"Customer Forum members were able to nominate additional speakers of their choosing from a list provided by JGN, these included advocates for a range of different future gas network scenarios to provide a diverse range of views with the understanding that unbiased information is unattainable."</i>¹⁶</p> <p>Sagacity explored participants views on the involvement of independent speakers and the clarity and ease of information that was presented during the forums and their satisfaction with presentation of concepts and topics. Twenty one of the 22 participants surveyed were satisfied with the involvement of independent speakers and most participants felt that the information provided during the Customer Forums was clear.</p> <p>During an in-depth interview with JD Insights, one customer noted <i>"As experts in their field, they could offer something that Jemena couldn't. Besides being interesting hearing different points of view, they're were representing their own external companies and interests. This means that Jemena were not pushing their own view at the exclusion of others... helped to give the process credibility."</i> Another noted, <i>"There was a good choice of people who were going to - who were presenting on different kind of aspects, helping us to make more informed decisions."</i>¹⁷</p> <p>Sagacity explored participants satisfaction with the information provided that focussed on the following areas:</p> <ul style="list-style-type: none"> • Detail of information: 20 of 22 participants surveyed were satisfied that the information provided had enough detail • Transparency: 19 of the 22 participants were satisfied with the transparency of information provided • Understanding: 20 of the 22 participants were satisfied and felt that the information was easy to understand • Bias: 17 of the 22 participants considered that information presented with a balanced and unbiased view. 4 participants were partially satisfied but satisfied with the overall process nonetheless.¹⁸ <p>As a point of clarification, the CCP notes that since the 2 March 2024 forum, we prepared and published a 16 page summary version of the Draft 2025 Plan. This summary version was actually prepared and published at the same time as the Draft 2025 Plan, and was also provided to Customer Forum participants ahead of Forum 8, as pre-reading. The longer (124 page) full version of the Draft 2025 Plan was also provided to those who wished to read the 2025 Plan in more detail, although there was no expectation that they would read the full document.</p> <p>Sagacity's research shows that most survey participants did some pre-reading which they found useful. The majority of survey participants found the reading material to be clear and easy to understand.</p> <p>We acknowledge the CCP's comments that during Forum 8 customers were not provided with copies of their recommendations while in small groups, which may have aided their discussions.</p>

¹⁵ JGN - newDemocracy - Att 2.8 Independent evaluation report, page 13.

¹⁶ JGN - newDemocracy - Att 2.8 Independent evaluation report, page 13.

¹⁷ JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report, page 20.

¹⁸ JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report, page 30.

Measure	Attributes	Strengths	Issues/ Concerns	March 2023 (Progress Report 1)	October 2023 (Progress Report 2)	April 2024 (Conclusions Report)	Our Response
	<ul style="list-style-type: none"> Consumers need to have the ability to source independent expert advice 	<ul style="list-style-type: none"> We acknowledge the expertise of the 'brains trust' and 'human library' and the ability of the Advisory Board to source independent experts In Customer Forum 6, customers heard from 3 independent "Brains Trust" experts with different perspectives on renewable gas (Gavin Dufty, Vinnies; David Strang, Lighter Footprints, Mike Davis, Optimal Renewable Gas) (although we note these experts were not sourced by the Customer Forum) In the final Customer Forum, three independent advocates were introduced as a "Human Library" for customers to defer to for more information and different perspectives on topics (Gavin Dufty, Vinnies; Doug McCloskey, PIAC and Stephen Gray, University of Queensland and Frontier Economics) 	<ul style="list-style-type: none"> We are not confident that the 'brains trust' and 'human library' representatives were independently sourced by customers, although their expert advice was clearly valued 	Amber	Amber	Amber	<p>Throughout our engagement program we made significant effort to ensure that customers had the ability to hear from a diverse range of independent views. The Customer Forum heard from 12 independent experts in four of the eight Forums (Forums 1, 3, 6 and 8), giving them access to different perspectives on what the energy transition could mean for customers and the gas network. At Forum 2, participants selected who they wanted to hear from at Forum 3 from a long list of 17 experts which encompassed a broad range of independent voices covering government, customer advocates, industry associations and industry experts (see <i>attachment 2.2 - BD Customer Forum engagement report</i>). This list was also used to select speakers for other forums.</p> <p>As part of forum 8, we selected three different people to act as a 'human library'. While it is correct that, in this instance, the 'human library' was not selected by customers, we note that two were customer advocates and also members of the Advisory Board, while the third was selected to provide an economist's view. In selecting the human library we were very conscious to ensure that customers could hear from a range of views, independent of Jemena.</p> <p>As noted above, 21 of the 22 participants surveyed were satisfied with the involvement of independent speakers and most participants felt that the clarity of information provided during the Customer Forums was clear.</p>
	<ul style="list-style-type: none"> Consumers are appropriately remunerated for their contribution to the development of proposals Independence and integrity of consumer engagement processes 	<ul style="list-style-type: none"> CCP understands the Customer Forum members are remunerated for their time (with references to incentives made during sessions we observed) but we have not validated this. Jemena engaged an independent consultant (BD Infrastructure) to recruit participants for the Customer Forum and facilitate the engagement sessions Jemena also engaged New Democracy to 'independently' evaluate its Customer Forum engagement 	<ul style="list-style-type: none"> At the time of providing this March 2024 advice engagement reports had not been published CCP31 is particularly interested in the New Democracy report on its independent evaluation of its Customer Forum engagement, but we have not seen a copy of this We agree with the Advisory Board that the outcomes from engagement with the Customer Forum should be independently verified 	Amber	Green	Amber/ Green We agree with the Advisory Board about the need for independent verification of outcomes	<p>The newDemocracy report has been provided to AER and CCP after the CCP had completed its conclusions report, and is available at <i>JGN - newDemocracy - Att 2.8 Independent evaluation report</i>.</p> <p>Independent verification of the outcomes from engagement with the Customer Forum is discussed in section 2.3.</p> <p>Details of remuneration of customers that participated in the engagement forums are detailed in (<i>attachment 2.2 - BD Customer Forum engagement report and attachment 3.1 – BD tariffs consultation report</i>).</p>
Accountability	<ul style="list-style-type: none"> Transparent reporting and consultation 	<ul style="list-style-type: none"> Jemena has established an online engagement website (Your Network, Your Say) where it is publishing reports and other materials 	<ul style="list-style-type: none"> As per our previous advice, reports to date are limited to those prepared by Jemena and its consultants, and the time between a meeting and publication appears a little slow if participants want to reflect on previous meetings' outcomes (i.e. not timely) 	Amber	Amber	Amber	<p>The newDemocracy Foundation was appointed to evaluate the Customer Forum process. Overall, newDemocracy's evaluation concluded that the Customer Forum process was strong and demonstrated good practice, meeting the requirements of the Better Resets Handbook as depicted by the 'green' rating in its report.¹⁹</p> <p>Sagacity research also shows that 20 of the 22 survey participants were satisfied with the time allowed to review reading materials. None of the customers that completed the survey or interview raised any concerns with the time between each meeting and the publication of information.²⁰</p>

¹⁹ JGN - newDemocracy - Att 2.8 Independent evaluation report, page 8.

²⁰ JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report, page 39.

Measure	Attributes	Strengths	Issues/ Concerns	March 2023 (Progress Report 1)	October 2023 (Progress Report 2)	April 2024 (Conclusions Report)	Our Response
Accessible, clear and transparent engagement	<ul style="list-style-type: none"> Outlining objectives, engagement issues/topics and the level of participation and influence consumers can expect Consultation time frames should have regard to the complexity of the issues in the regulatory proposal and provide consumers with adequate time. Engagement on different aspects of the same issue may require different engagement methods 	<ul style="list-style-type: none"> Jemena has been open in identifying the future of gas issues and seeking to debate them. The engagement process has sought to be inclusive 	<ul style="list-style-type: none"> We remain uncertain that the considered view of the full group of participants, particularly on difficult topics has not been heard, particularly as particularly as Jemena did not fully engage on the zero-dollar accelerated depreciation option, nor has it adequately tested customers' understanding of the role of accelerated depreciation 	Amber	Amber	Amber/ Green (Noting limited. time engaging on the zero accelerated depreciation option)	<p>The research undertaken by Sagacity and JD Insights provides a counter view to the CCP's observations—it shows that the Customer Forum participants felt heard, and had sufficient knowledge to provide feedback on the issues we explored with them, including accelerated depreciation.</p> <p>All of the participants surveyed by Sagacity felt that the Customer Forum reached an overall consensus, with all voting that this was done 'somewhat well', 'very well' or 'extremely well'.²¹</p> <p>The independent Sagacity survey and JD Insights interviews explored participants understanding of concepts and topics to ensure that they were adequately educated to make informed recommendations. Sagacity research shows that all survey participants felt they had enough knowledge to provide informed feedback on the initiatives they considered. JD Insights found that complex topics were broken down to 'bite sized' chunks to enable participants to digest and comprehend technical areas, and that relatable analogies were used well to explain topics.²²</p> <p>As part of exploring participants understanding of the key topics, Sagacity explored customers understanding of the role of accelerated depreciation. 17 of the 22 participants surveyed felt they had good to excellent knowledge of the topic with 4 participants feeling they had average knowledge but enough to provide informed feedback.</p> <p>These sentiments were similar when asked about their understanding on the role of renewable gas, future uncertainty, support for vulnerable customers and management of assets.</p> <p>The CCP states that it "remains uncertain that the considered view of the full group of participants, particularly on difficult topics has not been heard." However, this view is not shared by the views of the customers' themselves, who all agreed that the forums were successful in achieving an overall consensus.²³</p> <p>This is further supported by some of the comments provided by customers:</p> <p><i>"Everyone had their input, and we were able to hear why people felt the way they did. I felt like Jemena really listened and actioned what the majority of people felt."</i></p> <p><i>"Whilst there were some strong opinions, I felt that all opinions were listened too and considered and ultimately participants overall agreed with the final package of proposals."</i></p> <p><i>"The vibe I felt was that consensus was achieved and no one felt aggrieved or pushed into making a decision."</i>²⁴</p>

²¹ JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report, June 2024, page 43.

²² JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report, page 31.

²³ Ibid, page 43.

²⁴ JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report, page 36.

Measure	Attributes	Strengths	Issues/ Concerns	March 2023 (Progress Report 1)	October 2023 (Progress Report 2)	April 2024 (Conclusions Report)	Our Response
Consultation on desired outcomes and then inputs	<ul style="list-style-type: none"> Consumers should guide, and be seen to guide, the development of proposals Networks will consult with their consumers on their desired outcomes (including opex and capex) and then craft the inputs of regulatory proposals Networks to engage with consumers on changes in opex and capex Engagement may explore a consumer's lived experience within the energy system – including customer services and interactions with the network. 	<ul style="list-style-type: none"> Jemena has sought a diversity of groups to engage with, including important groups who are not consulted by most energy market engagement processes. 	<ul style="list-style-type: none"> In some areas of its proposal, we question Jemena's rationale in applying customer insights to the pragmatic outcomes that different customer groups are seeking, in particular the broader topics of accelerated depreciation and reconciling the differing views of customer segments 	Amber	Amber	Amber/Green	<p>Our engagement program was designed to explore the key strategic issues and challenges that have impacted the development of our 2025 Plan. We are confident that our 2025 Plan initiatives and proposals aligns with customer values and expectations in a balanced manner. This confidence is validated by Sagacity's and JD Insights' research findings, newDemocracy's evaluation, Redbridge survey results and our engagement with the boarder customer base that aligns with the sentiments of the Customer Forum.</p> <p>We note that we didn't achieve 100% consensus on the topics we explored and tested with customers. In a genuine engagement process, this is unlikely to occur. There will always be a range of different views, particularly given the diversity of the customers and stakeholders with whom we engaged. We have sought to be open and transparent about the areas where customer views diverged, and the areas where some customers (a small minority) were not satisfied with elements of our engagement. However, it is necessary that we ultimately submit a regulatory proposal to the AER, which requires us to put forward positions on the key topics that we have tested with customers and that we consider best meets the National Gas Objective and the requirements of the National Gas Rules. As evidenced by the reports on our engagement by BD Infrastructure, and by the follow up research by Sagacity and JD Insights, Customer Forum participants were supportive of our Draft 2025 Plan. When asked whether we got the balance right in the Draft 2025 Plan, all participants voted 'Live with' and above representing 100% support.²⁵</p> <p>We are unclear why the CCP has questioned our rationale for applying customer insights, or what would be necessary to provide it with confidence that customers have been able to shape our plans.</p>
Multiple channels of engagement	<ul style="list-style-type: none"> Multiple complementary engagement channels are necessary Engage with (end) consumers as well as engaging with consumer representatives A network business should aim to understand, represent and balance the interests of all its consumer cohorts 	<ul style="list-style-type: none"> Jemena has engagement with customers using a diversity of methods – both the Advisory Board and Customer Forum have met face to face and online Customer Forum sessions have adapted (sometimes at short notice, for example if participants struggled to understand information or felt rushed) It has engaged broadly (via its Customer Forum) and deeply (via the Advisory Board, and on some issues with its Customer Forum The Customer Forum represents a diversity of Jemena's customers, and it has also specifically engaged with CALD customer representatives and young people 	<ul style="list-style-type: none"> JGN could have made greater use of its Advisory Board to engage on the more complex regulatory aspects of its Draft Plan and to sense test Customer Forum feedback 	Amber	Green	Green	See section 2.2.

²⁵ JGN - BD Infrastructure - Att 2.2 - Customer forum engagement report , page 23

Measure	Attributes	Strengths	Issues/ Concerns	March 2023 (Progress Report 1)	October 2023 (Progress Report 2)	April 2024 (Conclusions Report)	Our Response
Consumers' influence on the proposal	<p>Engagement should consider the IAP2 Spectrum of Public Participation</p> <p>Network businesses and consumers should consult with each other on the range of issues consumers can have influence over</p> <p>Issues over which consumers will have more influence should be at the upper (empower) end of the IAP2 spectrum</p> <p>Network businesses should encourage consumers to test assumptions and processes that underpin the proposal</p>	<ul style="list-style-type: none"> Jemena has informed, consulted, and involved customers and collaborated with its Advisory Board Jemena has provided detailed documentation of its consumer engagement objectives, processes and outcomes in its Draft Plan 	<ul style="list-style-type: none"> No Comments 	Blue	Blue	Amber	<p>The CCP has not provided any comments to explain its reasoning for providing an amber rating on this element. It is therefore challenging to understand or respond to its concerns.</p> <p>The initiatives and proposals in our 2025 Plan will take the first steps towards achieving the Customer Forum recommendations and our broader customer preferences. We have used this feedback, which can be summarised into the five key customer values, that helped shape the 2025 Plan:</p> <ul style="list-style-type: none"> Affordability Reliability and Safety Fairness Choice Environment. <p>We have taken on board the feedback and views from large customers, small businesses, and retailers received throughout the consultation process which have largely aligned with the views of our community representatives - via the Customer Forum recommendations.</p>
Clearly evidenced impact							
Clearly evidenced impact	<ul style="list-style-type: none"> Proposals linked to consumer preferences Networks need to provide evidence of consumer preferences - for example through independent surveys, research or focus groups. A comprehensive draft regulatory proposal for stakeholder comment to be developed. Regulatory proposal submitted to set out how the NSP has responded to the submissions received on the draft regulatory proposal. <p>Networks to engage with consumers beyond those they consulted with in preparing their draft proposal</p>	<ul style="list-style-type: none"> Jemena has provided detailed documentation of its consumer engagement objectives, processes and outcomes in its Draft Plan Jemena has published its Draft Plan on its website and called for submissions 	<ul style="list-style-type: none"> Jemena does not appear to have engaged with consumers beyond those they consulted with in preparing their draft proposal 	Blue	Blue	Amber	<p>The CCP conclusions report primarily focusses on the Customer Forum. It does not include a detailed assessment of the other key elements of our customer engagement program.</p> <p>Other elements of our engagement program are detailed in Chapters 2 and 3 of our 2025 Plan, including small and large business, retailers and key voices. We have learnt that customer expectations are broadly consistent across all customer segments engaged – for example, no customer segment opposed the proposal of investment in renewable gas connections.²⁶</p> <p>With respect to the CCP's observations that we have not engaged with customers beyond those that were consulted in preparing our Draft 2025 Plan, we have commissioned independent research by Redbridge, which explores some of the key themes relevant to our engagement with customers. In section 2.3 we provide more information on this additional research.</p>

²⁶ See JGN - Att 3.2 - Small Business Retailer and Large User engagement report for an overview and outcomes of our engagement with small business, large users and retailers.

Measure	Attributes	Strengths	Issues/ Concerns	March 2023 (Progress Report 1)	October 2023 (Progress Report 2)	April 2024 (Conclusions Report)	Our Response
Independent consumer support for the proposal							
Independent consumer support for the proposal	<ul style="list-style-type: none"> Independent report from consumers setting out consumer perspectives on a proposal as lodged to the AER The independent consumer report can also provide views on technical issues in the proposal Independent report to address the process for drafting the report and selection of an appropriately qualified and experienced author of the report 	<ul style="list-style-type: none"> Premature to comment 	<ul style="list-style-type: none"> CCP31 questions the extent that Jemena’s proposals accurately reflect customer preferences, given the disparities between what we observed in the final Customer Forum and the language in the proposal 	Blue	Blue	Amber	<p>We disagree with the CCP’s observations on this point—the engagement outcomes as documented by BD Infrastructure and the subsequent research by Sagacity and JD Insights indicate that this view is also not supported by the vast majority of Customer Forum participants. In addition, newDemocracy’s independent evaluation also found that we meaningfully engaged with customers to understand their expectations and values, to help shape our proposals.</p> <p>While a small minority of customers had divergent views on some of the different topics we explored, the majority of customers voted in support of the initiatives put forward in our 2025 Plan.</p>

2. CCP assessment of our engagement - summary

In section 5²⁷ of the CCP's conclusions report, the CCP raised a number of observations focussing on:

- Depth of engagement - managing competing customer views in the context of the future of gas
- Depth of engagement - the limited role of the Advisory Board
- Jemena's engagement on its Draft Plan
- Complexity
- Key Values
- Process for discerning views
- Future of gas.

We discuss each of these in the following sections.

2.1 Depth of engagement - managing competing views

The CCP has raised a number of concerns in relation to the challenges of hearing and responding to competing views from different stakeholders, particularly in the context of the future of gas, with specific reference to young people and CALD customers and the need for us to reconcile these competing consumer views.

In a genuine engagement process, it is unlikely that all customers or stakeholders will be in agreement on the issues and topics explored. There will always be a range of different views, particularly given the diversity of the customers and stakeholders with whom we engaged. Throughout our engagement process and our 2025 Plan, we have sought to be open and transparent about the areas where customers' views diverged, and the areas where some customers (a small minority) were not satisfied with elements of our engagement. However, it is necessary that we ultimately submit a regulatory proposal to the AER, which requires us to put forward positions on the key topics that we have tested with customers, and that we consider best meets the National Gas Objective and National Gas Rules requirements. As evidenced from the attachments that we have provided on our engagement program, we are confident that the overwhelming majority of customers that we engaged with have expressed support for our plans.

In its independent evaluation of our customer engagement program, newDemocracy acknowledged our commitment to customers that their work would influence the 2025 Plan to the maximum extent possible, and that this commitment was fulfilled. newDemocracy's evaluation recognised that the Customer Forum process gave customers a much more substantive role than other engagement methods, which combined with the use of key voices in complementing the customer forum, ensured we reconciled the competing views of customers.

To further support newDemocracy's evaluation, Sagacity and JD Insights explored the theme of diversity and representation of balanced views when measuring satisfaction with the Customer Forum process. All participants surveyed agreed that the Customer Forum included a diverse group of participants. In terms of balanced views, 21 of the 22 participants surveyed agreed that the Customer Forum represented a balanced view of Jemena customers.

A key reason for these findings has been our commitment to consult with a wide array of customers to ensure that we understand the diverse perspectives of needs and expectations of our services and on the initiatives that can help us manage uncertainty surrounding the future role of our gas network.

The Youth Steering Group advised us that young people are strongly orientated towards environmental outcomes but are struggling with the cost of living, and that they weighed up those factors heavily in their considerations. The Youth Steering Group also provided feedback on the Customer Forum's initial recommendations, that they might be overly cautious given the long term challenges of transitioning to net zero carbon emissions and

²⁷ Consumer Challenge Panel, Jemena Gas Networks CCP31 Conclusions Report, April 2024, page 36.

expressed impatience with older members of the group adopting a more ‘wait and see’ approach to managing uncertainty.

The CALD Group advised the Customer Forum that new and emerging communities have a strong cultural connection to gas, but also struggle with affordability and lack of access to government subsidies for energy, and are isolated due to a lack of connection to mainstream Australian society. The CALD group supported the Customer Forum’s preferences for the pursuit of renewable gas and supporting vulnerable customers.

In formulating our 2025 Plan, we have sought to ensure that we transparently represent the wide range of views put forward by our customers. Our commitment to deliberative engagement puts the community affected by our decisions at the heart of the decision-making process by ensuring the Customer Forum participants, representing their community, come to a consensus view on the initiatives that they considered. This does not mean that 100% of the Customer Forum participants had to come to an agreed position for each initiative considered. Not unsurprisingly, this is highly unlikely and is arguably not desirable in a deliberative process that centres on diversity and balancing the views of customers. A common rule of thumb in deliberative processes is that around 80% of participants must agree that they could ‘live with’ a set of recommendations.

In finding consensus the Customer Forum used an L-scale voting methodology (Love, Like, Live with, Lament and Loathe) as outlined in Chapter 3 of our 2025 Plan. If 80% of the group voted ‘Live with’ or above, the initiative was considered to be accepted by the Customer Forum. Sagacity explored participants’ views of using the L-scale to understand their preferences and in finding consensus with the Customer Forum. Twenty-one of the 22 participants surveyed felt comfortable using the scale and 20 of the 22 participants surveyed considered the scale was easy to understand.

To ensure the Customer Forum could make informed recommendations that balanced the views of our diverse customer base, the deliberative process was designed to educate participants about the challenges presented by the energy transition, and to explore the needs and expectations of customers from a broader community perspective. Participants developed a set of questions and considerations that they used when assessing the initiatives, setting preferences and making initial recommendations. The questions and considerations raised by Customer Forum participants demonstrate they had grasped the core trade-off issues of who pays, who bears risk, and when to act.

When casting their votes, the Customer Forum members were asked to consider the diverse views of the participants, including the feedback they received from the Youth Steering Group and CALD Group.

Extract of customer comments from Sagacity and JD Insights:²⁸

“They had extra groups that were specifically culturally and linguistically diverse. They had like a youth council because they realised that younger people have a stake in this too, and it's trying to balance everybody's needs.”

“We had our age group, then we had the CALD group. We got to meet the youth group. We got to understand a lot of different opinions and I learned a lot from the CALD group and how culturally significant it was to have gas as an option and I didn't really understand that before.”

“They had members from the youth group there. They had members from the culturally linguistically diverse groups there putting their viewpoints across. They had the Gen Xs there and the Gen Zs there, and then they had the baby boomers there. I don't think they could have got a better cross-section of individuals.”

Following the publication of our Draft 2025 Plan we held a recall session (forum 8), which also included some of the key voices participants, to test the overall acceptance of the Draft 2025 Plan and whether they thought our proposals aligns with the Customer Forum’s recommendations. When asked whether we got the balance right in

²⁸ JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report, page 35.

the Draft 2025 Plan, all participants voted 'Live with' and above representing 100% support. This support is consistent with support we received from small businesses and large customers.

Tasking the Customer Forum to vote on the package of initiatives and reach consensus has ensured that the proposals put forward in the 2025 Plan represent the diverse perspectives of our customers in a balanced and fair manner. We have also taken on board the feedback and views from large and small businesses which have largely aligned with the views of our community representatives - via the Customer Forum recommendations.

2.2 Depth of engagement - the limited role of the Advisory Board

In its Conclusions report the CCP states, *"We also note the Advisory Board had little or no opportunity to shape or even review Jemena's Draft Plan and we consider this an opportunity lost by Jemena, particularly as Advisory Board members appear to be well equipped and suitably skilled to engage deeply on more technical aspects of Jemena's proposals."*²⁹

While we accept that the Advisory Board could have played a greater role in our engagement process, we do not agree with the CCP's reflections that the Advisory Board had little or no opportunity to shape or even review our 2025 Plan.

The Gas Networks 2050 Program was intentionally designed as a three staged process. We formed an Expert Panel of industry and energy specialists to identify possible future gas scenarios; and an Advisory Board of customer advocates and specialists to advise on initiatives that could be taken in the context of a complicated and uncertain future. This was followed by an extensive engagement program that ultimately enabled customers to provide their views on the key elements and initiatives that have informed the development of our 2025 Plan.

The Expert Panel, Advisory Board and end customer engagement were managed separately, but the work of each group informed the next. The scenarios of the Expert Panel provided the context for the Advisory Board to deliberate within. The Advisory Board then explored a suite of initiatives guided by a Statement of Objectives - we discuss below - and then advised us on which initiatives should be taken to the Customer Forum.

Because of the complicated nature of the energy sector and the challenges presented by the transition to net zero we believe it was appropriate to firstly collaborate with the Advisory Board to determine which initiatives should be considered by customers. The Advisory Board acted as a critical friend with the interest of customers in mind. To ensure the Advisory Board represented the interest of customers a key consideration to the recruitment process was to ensure there was diverse representation in terms of customer representative organisations, industry groups, and customers themselves. Although the Customer Forum did not determine each of the topics that we explored throughout our engagement, the topics were nonetheless determined with extensive inputs from the Advisory Board, with customers in mind.

To ensure that our 2025 Plan proposals was sufficiently considered in the context of customer interests, the Advisory Board assessed and recommended the initiatives against a Statement of Objectives, which it co-designed with us:

The Advisory Board's Statement of Objectives

In the context of an accelerating energy transition driven by community expectations and government emission reduction policies, Jemena commits to being a trusted partner, delivering safe gas connection and transport services and meeting consumer and community expectations for:

1. access to reliable and resilient services
2. stability, affordability and equity in prices
3. a decarbonised energy supply
4. fair returns and risk sharing on investments made by consumers and Jemena.

²⁹ Consumer Challenge Panel, Jemena Gas Networks CCP31 Conclusions Report, April 2024.

A key aspect to the Statement of Objectives is representing customer interest in terms of our services meeting consumer and community expectations with a focus on reliability, affordability and equity. Although these was not a direct relationship between the Advisory Board and the Customer Forum interests, there was a link nonetheless through the Advisory Board's Statement of Objectives which aligns to what customers value. These values are:

- **Affordability:** ensuring gas remains affordable for customers in the long term.
- **Safety:** safety needs to remain a given with no additional risk introduced.
- **Reliability:** "gas should come on whenever I want it to".
- **Planning for the future:** one clear message came through on the topic of planning for the future, to act now, rather than delaying action and working towards a net zero future including renewable gas options.
- **Fairness:** ensuring that future customers do not carry the cost burden of current customers who have higher gas demand or leave the network earlier than others and that the impact of our decisions is considered across the wide diversity of customers in our network.
- **Access or choice:** retaining choice for individuals, and diversity in the energy supply.

Although the Advisory Board was not actively involved in the Customer Forum process, it had an important role in determining the topics that we engaged on. We therefore disagree with the statement that the Advisory Board had little or no opportunity to shape our 2025 Plan. For example, the Advisory Board recommended that we should not engage with customers on investments relating to hydrogen gas on the basis that it was too speculative. It recommended that we only discuss the use of hydrogen in networks to educate customers. As a direct result of this feedback, when exploring a range of renewable gas options with the Customer Forum we primarily focussed on biomethane investments for the 2025-30 period, acknowledging to participants the technical and commercial constraints associated with hydrogen. This is a direct example of how the Advisory Board had a role in shaping our 2025 Plan.

In addition to the Advisory Board process, members of the Advisory Board participated in the engagement process either as 'Brains Trust' members to support the Tariff Forum process, acting as independent subject experts when presenting at the Customer Forum, or as observers. This is discussed in Chapter 2 and 3 of our 2025 Plan. Advisory Board members also had the opportunity to attend engagement sessions with our customers.

While we accept that some members of the Advisory Board may have sought a greater role in our engagement program, we are not aware that this is a view shared by the majority of Advisory Board members. In any case, we acknowledge that we could have continued to meet with the Advisory Board throughout the entire engagement process.

Overall, the Advisory Board valued the process and acknowledged the groundwork in supporting the customer engagement to inform our 2025 Plan proposals which is demonstrated in the Advisory Board's Letter of Support (*JGN-Att 2.6 – Advisory Board Chair – Letter of Support*) which reflects the workshop series up to Session 8 - hosted in April 2023.

At the time of publishing our Draft 2025 Plan we held a 'closing the loop' session with the Advisory Board and some members of the Expert Panel. The objectives for this session were to reconvene key stakeholders who were involved from early 2022 through to mid-2023 to:

- Share an overview of the engagement activities conducted, including customer preferences and recommendations from the Customer Forum
- Provide an overview of the AER's Early Signal Pathway scorecard and how we would address the AER's feedback
- Preview the Draft 2025 Plan ahead of public release, highlighting how recommendations from customers shaped our plans
- Allow the Advisory Board to ask questions on the Draft 2025 Plan and to capture their reflections on the overall process and outcomes.

Members provided reflections on the Draft 2025 Plan including a desire to better understand the customer recommendation on accelerated depreciation, with some members suggesting that this be further socialised with customers, including a zero option which we discuss throughout this response.

Although newDemocracy considered that the engagement process was strong and well run it did recommend some points of improvement for future deliberations including the utilisation of ‘shallower forms’ of engagement that could include the use of surveys to garner inputs from a broader number of customers and consider how the sequence of engagement is planned. For example, the deliberative process could have the Customer Forum providing feedback on their interests in collaboration with a body like the Advisory Board.

2.3 Our engagement on the Draft 2025 Plan

Based on CCP’s observation of Customer Forum 8 deliberations, it has questioned our interpretation of customers’ level of support for proposals as outlined in the Draft 2025 Plan. CCP’s observations focussed on:

- Limited discussion around the zero-dollar amount for accelerated depreciation option, and asking customers whether they supported Jemena’s proposal to accelerate \$300M in depreciation
- No testing of customers’ understanding of what they were voting on
- No independent verification and limited sense checking of customer support.

Accelerated depreciation

As part of exploring participants understanding of the key topics, the Sagacity research explored customers understanding of the role of accelerated depreciation. 17 of the 22 participants surveyed felt they had good to excellent knowledge of accelerated depreciation with 4 participants feeling they had average knowledge but enough to provide informed feedback.

Our Advisory Board saw accelerated depreciation as an important lever for us to use when responding to gas uncertainty and supported this lever proceeding into the Customer Forum engagement.

In its 2021 AER Information Paper - Regulating gas pipelines under uncertainty the AER concluded that: *‘Adjusting regulatory depreciation is the most accessible regulatory tool we currently have in managing demand uncertainty and influencing the trajectory of future gas access prices, notwithstanding that there are other options available.’*

To help inform our proposed accelerated depreciation allowance we collaborated extensively with the Customer Forum on a range of accelerated depreciation options put forward. Recognising that affordability is a key customer value, we limited the accelerated depreciation options that we explored with the Customer Forum to the lower range of \$300M-\$700M. We believe that these options strike a balance between current concerns around affordability, managing intergenerational equity concerns and mitigating stranding risk.

Initially, a \$0M option was not put forward to the Customer Forum as we consider this would not support the immediate need to respond to the uncertainty presented by the energy transition to net zero and the AER’s preferred regulatory treatment of managing the risk. Additionally, presenting an option that we would not contemplate goes against our engagement objectives, discussed in Chapter 2 of the 2025 Plan, which includes building trust and collaboration with customers in formulating our proposals.

In response to some Advisory Board members suggesting that we further socialise accelerated depreciation with customers, including a zero value option, we used the recall session (forum 8) to explore zero accelerated capital recovery with Customer Forum participants, which included information explaining the implications of zero acceleration. We then retested the level of comfort with the \$300M option, noting that this was the option that the majority of customers had voted for in Customer Forum 7.

During forum 8, we provided Customer Forum participants with information about the implications of zero acceleration, and then retested the level of comfort with the \$300M option. A “Human Library” comprising Douglas McCloskey (PIAC), Gavin Dufty (St Vincent de Paul) and Stephen Gray (Queensland University and Frontier Economics) was formed to offer a diverse range of perspectives on the topic.

The voting in Customer Forum 8 used the L scale approach to test whether customers were still comfortable with the \$300M option. The voting results showed an increase in support for accelerated depreciation compared to Forum 7, with 84% of the group saying they could at least live with \$300M.

Testing customers understanding

Sagacity and JD Insights conducted a survey and independent interviews that explored Customer Forum participants understanding of concepts and topics to ensure that participants were adequately educated to make informed recommendations which gives confidence that our proposals and initiatives align with customers' values and expectations. Sagacity research shows that all survey participants felt they had enough knowledge to provide informed feedback on the initiatives they considered including accelerated depreciation.

Independent verification and limited sense checking of customer support

In addition to our customer engagement program, we appointed Redbridge to conduct a survey of Sydney energy customers to understand their attitudes and sentiments towards the energy industry. The survey was designed to provide representative samples of our customers based on age, gender, education and location by Australian Electoral Commission (AEC) defined regions across the Sydney metropolitan area. The survey provided an effective sample size of 1,801 customers which is statistically significant.

In Redbridge's *Sydney energy attitudes and sentiments report*, the most important issue identified by Sydney residents was cost of living and household affordability—76%³⁰ of survey respondents considered this the most important issue. This is consistent with the feedback we have heard from our customers throughout the various engagement forums, and the Customer Forum's key value of 'Affordability'. The Redbridge report also reveals that 76% of Sydney households are concerned about energy reliability, and 85% agree that NSW needs a mix of energy sources—including solar, wind and gas—and that we should not 'put all energy eggs in the one basket'. This feedback is consistent with our customers' desire for choice when it comes to meeting their energy needs. It is also consistent with recent polling by Resolve Political Monitor conducted on behalf of the Sydney Morning Herald which found that 60% of people polled supported the use of gas in Australia's energy mix.³¹

In addition, 78% of customers surveyed by Redbridge support having the choice of renewable gas options as part of the energy transition. This customer sentiment aligns to the Customer Forum's recommendations that renewable gas can play a strategic role in supporting customers and ensure the provision of reliable and safe gas services into the future.

The Redbridge report shows that customers appreciate the challenges associated with the energy transition, with 68% of survey respondents believing that the transition to net zero, will not make energy prices cheaper. Mitigating these challenges will entail a range of initiatives including, but not limited, to those outlined in our 2025 Plan. These include investing in renewable gas connections, which can lower the risk of asset stranding, and our initiative to accelerate depreciation to help ease the cost burden of unrecovered past investments for gas customers into the future.

Redbridge's report provides us with confidence that the feedback from our customers as part of our engagement program on our 2025 Plan aligns with broader customer and community expectations.

2.4 Complexity

CCP is concerned that customers struggled with their understanding of some topics and were confused, with an emphasis on accelerated depreciation.

While we accept that a small number of customers may have struggled with some of the topics discussed, the research undertaken by Sagacity and JD Insights indicates that the significant majority of customers were not confused. Only one of the 22 customers that responded to the survey indicated that they had a poor understanding of accelerated depreciation, and all of the participants said that they felt knowledgeable enough to provide

³⁰ See *JGN - Redbridge - Att 3.4 - Sydney Energy Attitudes and Sentiments Report* for survey results.

³¹ Sydney Morning Herald (James Massola), *Australian voters back plans to keep gas on tap*, May 2024, polling based on a survey of 1,602 respondents.

informed feedback. We believe that this provides confidence in the outcomes of the Customer Forum process and the preferences expressed by our customers.

2.5 Key Values

The CCP has raised issues with flexibility not being apparent in the 2 March 2024 workshop in terms of participants being able to question and challenge what they were hearing. We disagree with this CCP conclusion.

The newDemocracy evaluation acknowledged our commitment to customers that their work would influence the 2025 Plan to the maximum extent possible and that this commitment was fulfilled. newDemocracy's evaluation recognised that the Customer Forum process gave customers a much more substantive role than other engagement methods, which allowed customers to question and challenge what they were hearing.

In addition, the Sagacity survey explored whether Customer Forum participants thought that we were open to new ideas and changes, and whether they felt comfortable to challenge us. Twenty-one of 22 survey participants agreed that we were open to new ideas and change and all survey participants felt comfortable that they could challenge us during forum deliberations.

It was Jemena giving us an opportunity for us to give opinions and feedback without interference or influence from them and they gave us an opportunity to revise and add comments to the draft report.³²

2.6 Process for discerning views

The CCP has questioned the extent to which customers have been presented with genuinely unbiased information, and the extent we are confident that customers understand some topics, in particular accelerated depreciation and the genuine uncertainty around the future of biogas. The CCP also suggested we revisit our engagement with customers on the subject of accelerated depreciation.

The Sagacity and JD Insights research explored participants views on the involvement of independent speakers and the clarity and ease of information that was presented during the forums and their satisfaction with presentation of concepts and topics.

21 of the 22 participants surveyed were satisfied with the involvement of independent speakers and most participants felt that the clarity of information provided during the Customer Forums was clear. Sagacity and JD Insights further explored participants satisfaction with the information provided that focussed on the following areas:

- **Detail of information:** 20 of 22 participants surveyed were satisfied that the information provided had enough detail
- **Transparency:** 19 of the 22 participants were satisfied with the transparency of information provided
- **Understanding:** 20 of the 22 participants were satisfied and felt that the information was easy to understand
- **Bias:** 17 of the 22 participants considered that information presented with a balanced and unbiased view. 4 participants were partially satisfied but satisfied with the overall process nonetheless.
- **Informed decision making** - as part of exploring participants understanding of the key topics, the research explored customers understanding of the role of accelerated depreciation. 17 of the 22 participants surveyed felt they had good to excellent knowledge of the topic with 4 participants feeling they had average knowledge but enough to provide informed feedback. These sentiments were similar when asked about their understanding on the role of renewable gas, future uncertainty, support for vulnerable customers and management of assets.³³

³² JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report, page 16.

³³ JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report.

These findings support that our engagement with customers on accelerated depreciation was thorough and well understood by our customers. Consequently, we do not see that further engagement is required on accelerated depreciation to provide input into our 2025 Plan.

2.7 Future of gas

The CCP conclusions report acknowledges that the future of gas has remained a central and challenging question in our customer engagement and this creates a dilemma about the extent we can respond to consumer sentiment whilst countering the need to remain viable and profitable in the future.

The CCP would also like to see us provide more detail about some of our suggested future gas options, particularly biogas which we introduced to Customer Forum participants in general terms as a viable future gas option including for residential customers. In its conclusions, the CCP does not think that customers have been presented with sufficient information on this option and the likelihood of it being viable for residential customers to provide a well-informed consumer response.

We disagree with the CCP's conclusions.

Throughout our engagement program, customers and stakeholders have empathised the need for fairness across generations when considering the long term impact of our decisions in meeting the challenges presented by the energy transition and the future role of gas. To avoid the risk of adverse customer outcomes resulting from declining demand, it is prudent to act now, and implement a suite of initiatives that can minimise bill impacts over the longer term, and address intergenerational equity issues whilst supporting the efficient future utilisation of our gas network and retaining our financial viability.

These initiatives – including investing in renewable gas connections and accelerated depreciation - are not mutually exclusive and in some cases are complementary, which has been an important consideration to ensure we have taken a balanced approach when developing our 2025 Plan. A sentiment shared by our customers.

The Customer Forum made six recommendations which we outline in Chapter 3 of the 2025 Plan. The six recommendations from customers cover:

- Renewable gas strategy for supporting customers
- Renewable gas reliability and safety
- Renewable gas advocacy and communication
- Affordability
- Vulnerability
- Regulatory response options.

The Customer Forum recommendations and Sagacity and JD Insights research demonstrate that participants understood the task of responding to the challenges presented by the uncertain future for gas networks. There was a clear desire by customers to have the option to continue using gas into the future (i.e. they expressed a desire for diversity of energy sources), and they had a reasonable understanding of the trade-offs involved in ensuring that could happen. These views were shared across all the customer groups we engaged.

In helping the Customer Forum reach these recommendations, the engagement process utilised a five staged approach to ensure participants were educated and presented sufficient information so they were empowered to make informed decisions. The five stages involved:

- Learning
- Deliberation
- Understanding preliminary preferences
- Checking
- Final recommendations.³⁴

³⁴ JGN - BD Infrastructure - Att 2.2 - Customer forum engagement report , page 24.

We feel confident that the Customer Forum process has adequately equipped and educated participants to make informed recommendations on renewable gas. Our views regarding the adequacy of the Customer Forum process are confirmed by the new Democracy evaluation findings and Sagacity and JD Insights research which are discussed in previous sections. To give further confidence, the Customer Forum recommendations and preferences associated to renewable gas align with the feedback we garnered from our broader engagement program which includes small business customers, large gas users, retailers and the Redbridge report which we discuss in section 2.3.

Renewable gas as a viable future gas option

As part of its observations surrounding the Future of Gas, the CCP raises concerns regarding the clarity around the potential role of biogas, the indicative costs and the extent it can be introduced to the gas network at significant volumes to displace current fossil fuel gas, not just for industry but for residential consumers who have indicated a preference to cook with gas. It also expressed concern in terms of committing to one particular renewable technology when the focus may shift again when our next (2030-35) Access Arrangement is being developed.

We disagree with CPP's observations surrounding the potential role of biomethane. In *JGN - Att 4.1 – Emissions reduction program* and *JGN – Att 5.1 – capital expenditure* we provide detailed information on the potential for biomethane together with the eight biomethane facilities that we expect to connect into our network over the 2025-30 period. Biomethane is a cost-effective way to reduce carbon emissions, ready for use now and is capable of helping NSW reach its net zero emissions goal. As biomethane is a renewable form of methane, there is no need to modify our network, customer homes or industrial processes.

While new technologies may emerge in time, the biomethane investments that we have proposed in our 2025 Plan will bring significant benefits to our customers. We also note that biomethane is used widely in many countries, particularly in Europe, and that Denmark is aiming to replace natural gas entirely with biomethane by 2030, a significant leap from its already 25% share in 2021.³⁵

Nonetheless, when we engaged with our customers on renewable gas we were very careful to highlight the uncertainty surrounding the extent of the role it will play in our network. We did this by using the Expert Panel scenarios to highlight the full range of possible future scenarios for our gas network. As one customer noted, “[Renewables]. I found that they were really honest about that. They said, look, in 20 years’ time, Jemena might be a 10th of the size because of government policy and what we have to do in terms of moving to renewables.”³⁶ JD Insights noted the general feedback from customers, that when unable to provide clarity (e.g., on renewables), “Jemena was transparent that the topic was evolving, explaining both the broader challenges and for those relating specifically to Jemena.”³⁷

In addition to questioning the role of biomethane, the CCP notes its surprise “that Jemena did not present other technologies and futures such as hydrogen, hydrolyser technology as alternative sources of high heat for industrial application. The lack of future partnerships to explore with customers or discussion of a wider range of innovation and emerging technologies is surprising.” As explained earlier in this attachment, the Advisory Board provided us with clear recommendations that we should only inform and educate customers on the role of hydrogen, given that its potential role in gas networks is still unclear.

A key feature of our engagement program was for the Advisory Board to help shape the topics that we took to engagement. In line with the recommendations of the Advisory Board, we sought only to educate customers on the potential role of hydrogen. We therefore did not seek to test customers’ views on the potential for hydrogen or any hydrogen investments, but instead focussed our engagement on biomethane, noting that we are currently working with a number of proponents to connect biomethane facilities into our network. Further, given the uncertainty of hydrogen, we have not included forecast expenditure associated with hydrogen projects in our 2025 AA proposal.

³⁵ European Commission 2021, *Biomethane Fiche – Denmark (2021)*.

³⁶ Sagacity Research and Jackie Duke Insights, Jemena customer forums participant feedback, Research report, June 2024, page 31.

³⁷ *JGN - Sagacity and JD Insights - Att 3.3 - Sagacity and JDI report*, page 31.

3. Other CCP Issues and concerns

In its conclusions reports the CCP has raised a number of other issues and concerns³⁸ associated to:

- Lack of engagement “continuity” in terms of the relationship between the Expert Panel, Advisory Board and Customer Forum
- Independent testing of the proposal
- Accelerated depreciation and capex
- Renewable gas
- Hybrid model for form of regulation/tariffs

We address each of these in the following sections.

3.1 Lack of engagement continuity

We address CCP observations regarding lack of engagement continuity in section 2.2.

In terms of CCP observations that the Customer Forum did not have the direct benefit of expert perspectives on the future of gas and implications for our access arrangement, we disagree. The Customer Forum heard from 12 independent experts in four of the eight Forums (Forums 1, 3, 6 and 8), giving them access to perspectives, other than ours, on what the energy transition could mean for customers and the gas network. See Chapters 2 and 3 of our 2025 Plan for further detail.

3.2 Independent testing of the proposal

We address CCP observations regarding independent testing of our proposals in section 2.3.

3.3 Accelerated depreciation and capex

CCP concludes that there is a clear tension between Jemena seeking accelerated depreciation for our assets and at the same time seeking significant revenue for a continuing capital expenditure (capex) program beyond purely maintaining the network.

We do not agree with CCP’s conclusion, which does not appear to take into account the obligations placed on us by the regulatory framework, particularly in relation to connections. It is not possible for us to limit the capex we must incur on purely maintaining the network nor can we unreasonably refuse access to our network.³⁹ There are limits to how much we can charge retail customers to connect to our network. Specifically, we can only charge retail customers to the extent to which costs of their connection are higher than revenue we expect to earn.⁴⁰

As long as the regulatory framework requires us to connect customers to our network, we will continue to incur this expenditure. As outlined in *JGN- Att 5.1 – Capital expenditure*, we have introduced a range of initiatives which seek to lower the capital intensity of new connections while retaining the bill reducing benefits they provide. We have also sought to reduce the capex that we will incur over the 2025-30 period. We do not believe that our proposal to seek accelerated depreciation is in any way at odds with our proposed capex program. Furthermore, our proposed investments to connect renewable gas facilities into our network help to reduce the amount of accelerated depreciation that we have proposed, by helping ensure that our network can continue to operate beyond 2050.

³⁸ Consumer Challenge Panel, Jemena Gas Networks CCP31 Conclusions Report, April 2024, page 41.

³⁹ Rule 105E.

⁴⁰ Rule 119M sets out the connection charges criteria we must comply with in making connection offers to connection to retail customers.

3.4 Renewable gas

We address CCP observations regarding renewable gas in section 2.7.

3.5 Hybrid model form of regulation/tariffs

In relation to the Customer Tariff Forum, the CCP expressed an overarching concern about why volume risk sharing is needed:

We are concerned that much of Jemena's recent engagement has focused on how to best share the future risk between the network and consumers, without testing whether risks should be shared rather than managed by Jemena.

We are not clear how the CCP has come to this conclusion—we did test whether or not the risk should be shared. Risk and risk-sharing was discussed extensively throughout the Customer Tariff Forum process, which involved three stages of engagement. Throughout the process customers explored key concepts of risk and fairness, which are important issues to consider when engaging on matters like the tariff variation mechanism (or form of price control).⁴¹

Stage 1 comprised of three workshops where participants were educated on different forms of price controls. During stage 1, we tested customers initial preferences on a weighted average price cap versus revenue cap form of control. A key aspect to stage 1 was for participants to consider the following question:

Who should bear the risk of the uncertain environment? Jemena (through a price cap) or the customer (through a revenue cap)?

This question did allow participants to explore what Jemena's role should be in managing risk. For example, throughout stage 1 deliberations participants grappled with understanding the energy sector, the gas network, pricing and tariffs, the future of gas, impacts to customers and notions of fairness and equity.

At the end of stage 1, participants emerged with a definition of customer best interest – in terms of who should bear the risk over the next five years – as follows:

*Most participants agreed that either Jemena should bear the risk or there should be a hybrid model where there was some risk sharing with customers. **It was noted that Jemena was in a better position to manage the risk**, but that to ensure the ongoing business viability of Jemena, that customers felt they should share some portion. Customers did not support a revenue cap, which would see them bearing all of the risk.*⁴²

After small group discussion on this issue, half of the participants thought we should bear all risk, and half thought that risk should be shared. Participants' commentary and questions leading to this conclusion demonstrated their growing depth of understanding on this complex issue.⁴³ The overall view of the group was that JGN should bear most risk as they are better placed to carry it, but customers should bear some risk.

In response to feedback garnered from stage 1, we presented participants a range of hybrid forms of price control that combined elements of a price and revenue cap. These options were explored in depth in discussion with us and the 'Brains Trust' during stage 2.

While there was a continued view that we should bear most of the risk relating to declining gas consumption, these discussions enabled participants to understand the costs and benefits to customers of sharing some portion of volume risk and become more comfortable with the application of a hybrid form of price control. They opted for

⁴¹ Refer to *JGN - BD Infrastructure - Att 3.1 Tariffs Consultation Report* for an in depth overview of the tariff engagement process.

⁴² Ibid, p.17.

⁴³ Ibid, Appendix A for outputs and verbatims.

an option whereby JGN would bear risk up to a certain threshold after which there would be a 50:50 split of any over or underperformance.

In stage 3, the participants delved deeper into the hybrid form of price control where they considered various combinations of sharing ratios and threshold levels. Sharing ratios of 50:50; 60:40 and 40:60 were presented; along with thresholds of 3% and 5% over or under forecast demand. Indicative bill impacts for these combinations in different volume performance scenarios were also presented to help participants deepen their understanding of what 'taking more risk' might actually mean.

After extensive deliberations on the form of price control, 83% of Customer Tariff Forum participants supported for a 3% threshold and 100% support for a 5% threshold. It was noted, astutely, by the group that the threshold does more of the 'heavy lifting' protecting customers from any risk sharing so long as gas forecasts are reasonably accurate and it allows for greater fluctuations in energy usage without triggering the price control mechanism. When it came to the sharing ratio, all participants supported a 50:50 ratio, believing it to be a balanced and fair split. 83% supported a 40:60 ratio and 75% a 60:40 ratio.

In light of our comprehensive approach to the Customer Tariff Forum process, which included a total of 26 hours deliberation, through eight workshops, and supported by independent 'Brains Trust' members and four homework exercises, we do not agree with the CCP observations about our engagement. It may be that the CCP did not attend the sessions where the discussions focussed on who should bear risk, and where customers indicated that they should bear some risk.⁴⁴ More information on this engagement is included in *JGN-Att 3.1 Tariffs Consultation Report*.

Moreover, as well as strong customer support, there are also economic grounds for sharing volume risk at the present time. Historically, we have managed that risk by rebalancing our tariffs from one year to the next within our weighted average price cap tariff variation mechanism to promote growth in volumes. This also helped ensure price stability for our customers. We discuss this in *JGN-Att 10.1 Pricing*.

With respect to the CCP's observations on the Customer Tariff Forum, we would like to clarify that we did not reconvene members of the Customer Forum who were interested in engaging with us on our tariff proposals. The Customer Tariff Forum was established as a separate forum to the Customer Forum that comprised 29 residential customers who were not members of the Customer Forum.

⁴⁴ Engagement records suggest CCP members did not attend all the Tariff Forum workshops. See: *JGN - BD Infrastructure - Att 3.1 Tariffs Consultation Report*.